

## DEPARTMENT OF BENEFIT PAYMENTS

744 P Street, Sacramento, CA 95814  
(916) 322-5330



January 26, 1977

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ALL-COUNTY LETTER NO. 77-3

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: INFORMATIONAL MEDI-CAL CARD STUFFER ON EARNED INCOME

CREDIT-FEDERAL INCOME TAX

REFERENCE:

Enclosed is a copy of an information stuffer prepared by the Internal Revenue Service that is being sent to all Medi-Cal card recipients. Recipients who are PHP enrollees will be sent the notice by separate mailing. The stuffer, printed in both English and Spanish, will be mailed in January with the February, 1977 Medi-Cal cards and is meant to alert recipients to the earned income credit/payment that may be available to them. Potentially eligible recipients should be encouraged to file federal income tax returns in order to claim the credit.

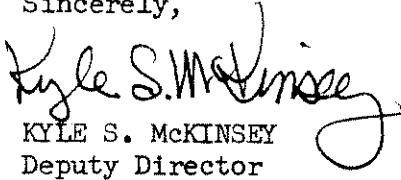
AFDC recipients should also be assured that an earned income credit payment is exempt from consideration as income and will not affect their aid payments. The earned income credit is also exempt from consideration as income or resources for Food Stamp and Medi-Cal Program purposes.

We are advised by the Internal Revenue Service that the earned income credit payment and any tax refund due will be combined in one check. In order to distinguish the amount of the earned income credit from a normal tax refund, (which is treated as net nonexempt income in the month received), it will be necessary to obtain information from recipients. Documentation might include copies of the Wage and Tax Statement (Form W-2) and the U.S. Individual Income Tax Return (Form 1040). If we receive additional information from the Internal Revenue Service regarding the earned income credit we will forward it immediately.

Contact your AFDC Management Consultant at (916) 445-4458 for questions regarding the earned income credit as it applies to AFDC, or Michael Lipkin of the Food Stamp Management Branch at (916) 445-6907 for Food Stamp policy questions related to the earned income credit.

The Department of Health's Medi-Cal Division will be issuing a Medi-Cal Notice on the earned income credit soon. In the meantime you may contact your Medi-Cal Field Representative (See Medi-Cal Procedures Manual page iii-1.) if you have questions.

Sincerely,

  
KYLE S. MCKINSEY  
Deputy Director

Enclosure

cc: CWDA

**IRS may have  
a check for  
YOU . . . . even if  
you didn't pay any  
income tax in 1976!**

### EARNED INCOME CREDIT

To find out if you qualify for a special payment or credit of up to \$400, called an Earned Income Credit, answer the following questions.

1. Did you receive less than \$8,000 total income during 1976 that included wages, salaries, or other compensation?
2. Did you pay more than half the cost of keeping up a home (owned or rented) in the U.S. for yourself and
  - (a) your child who was under 19 or a full-time student (this child does **not** have to qualify as your dependent),
  - OR
  - (b) your dependent child who is 19 or over and is disabled?

If you answered yes to these questions, you probably qualify. For information on how to apply, check the 1976 Federal tax instructions or contact the Internal Revenue Service.

Department of the Treasury	Internal Revenue Service	Notice 420-A (12-76)
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**El IRS puede  
tener un cheque  
para usted . . . .  
¡Aunque no haya pagado  
impuesto en 1976!**

### CREDITO POR INGRESO DEL TRABAJO

Para saber si usted tiene derecho al pago especial o crédito que puede llegar hasta \$400, llamado Crédito por Ingreso del Trabajo, conteste a las siguientes preguntas:

1. ¿Recibió usted menos de \$8,000 de ingreso total durante 1976 compuesto de jornales, salarios u otras compensaciones?
2. ¿Pagó usted más de la mitad del mantenimiento de un hogar (de su propiedad o alquilado) en los E. E. U. U. para usted y
  - (a) su hijo menor de 19 años o estudiante de tiempo completo (**no tiene** que ser su dependiente), o
  - (b) su hijo dependiente, si es incapacitado y si tiene 19 años o más?

Si usted responde si a estas preguntas, probablemente tiene derecho al crédito. Para informarse de cómo solicitarlo, consulte las instrucciones del impuesto federal para 1976, o comuníquese con el Servicio de Impuestos Internos.

Department of the Treasury	Internal Revenue Service	Aviso 420-A (12-76)
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★ U.S. G.P.O. 1976-720-106/3349 REG. # 3-I.